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UNITED STATES DEPARTMENT OF AGRICULTURE

Agricultural Stabilization and Conservation Service

This publication includes a general explanation of the 1968 Feed Grain Program and the Wheat Program for 1968, prepared especially for Agricultural Stabilization and Conservation Service Committeemen.

THE 1968 VOLUNTARY FEED GRAIN PROGRAM

The objective of the 1968 Feed Grain Program is to strengthen prices and income through the reduction of total supplies of feed grains. The large 1967 crop of feed grains changed the balance of supply and demand to a situation of between 2 and 3 percent overproduction. The 1968 program is designed to reduce the overproduction of 1968 to an underproduction of between 2 and 3 percent. To do this means diverting out of production 30 million acres of feed grains -- about 10 million acres more than was diverted in 1967.

Diversions out of production of 30 million acres of feed grains should remove the threat of overproduction of livestock. At the same time production will be adequate to maintain exports and keep reserves at an adequate but not excessive level.

As in 1967, all farms taking part in the program may divert as little as 20 percent of their total feed grain base and qualify for price-support payments and loans.

In general, farmers with feed grain bases of 25 acres or less have available a program very much like the 1967 program.

For farms with feed grain bases of more than 25 acres, farmers may, after diverting 20 percent for no diversion payment to qualify as participants, divert additional acreage for diversion payment up to the larger of 25 acres or 50 percent of the feed grain base.

PRODUCER DECLARATION OF INTENTION

ASCS county offices will have forms on which producers may declare their intention to take part in the program during the signup period which begins February 5 and ends March 15, 1968.

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL SERVICE

PA-858

FEB 2 1968

January 1968

CURRENT SERIAL RECORDS

FARM FEED GRAIN BASE

From information previously supplied by producers, ASC county committees have determined corn and grain sorghum bases -- and the total feed grain base. Projected farm yields and diversion rates of payment have also been determined, and producers will receive a notice of these determinations. This notice doesn't constitute a signup. Producers who want to take part must still file a declaration of intention with the ASCS county office during the signup period. Intentions to participate may be changed only during the signup period.

THE FARM CONSERVING BASE

For each farm, the ASC county committee has determined a conserving base and each farm operator will be notified of this base. Cropland acres diverted to conservation uses under the 1968 feed grain program are to be in addition to the farm's established conserving base and any acreage diverted to conservation uses under other Federal programs.

APPEALS

A farmer who feels there is an error or inequity in the yield, feed grain base, or conserving base established for his farm may, within 15 days from the date the notice of the yield and bases is mailed from the ASCS county office, file a written request for reconsideration with the ASC county committee. If, after a decision is made by the county committee, the farmer still feels there is an error or inequity, the appeal may be filed with the ASC State committee. If still not satisfied, he may appeal to the Deputy Administrator for State and County Operations of the Agricultural Stabilization and Conservation Service.

MINIMUM DIVERSION -- ALL PARTICIPATING FARMS

For the farmer to be eligible for any program benefits, the smallest acreage to be diverted from his feed grain base to an approved conservation use is 20 percent of the total farm feed grain base. This minimum diversion applies to all participating farms regardless of the size of the feed grain base.

MAXIMUM DIVERSION

If the farm feed grain base is 25 acres or less, the entire base may be diverted. If the feed grain base is more than 25 acres, up to the larger of 25 acres or 50 percent of the base may be diverted. If the feed grain base is more than 25 acres but not more than 125 acres, the operator may, upon request to the ASC county committee, have the 1968 base temporarily adjusted to 25 acres so that the 25 acres may be diverted for payment. Under this option, no feed grains may be produced on the farm and there can be no substitution between wheat and feed grains.

LAND ELIGIBLE FOR DIVERSION

Generally, land may be designated as diverted acreage if it meets one of the following conditions:

1. Has been intensively cultivated in one of the years: 1964, 1965, 1966, or 1967.
2. Has been devoted to a hay crop all during the 1964-67 period in a normal rotation pattern and is equal in productivity to the intensively-cultivated land on the farm.
3. Has been designated as diverted acreage under previous cotton, feed grain, or wheat stabilization programs, except such designated land as has been planted to trees, used for water storage, or could not be expected to be used for the production of the crop(s) being diverted because of its physical condition or other reason.

PERMITTED ACRES OF FEED GRAINS

Each participating farm will have a permitted acreage of feed grains -- corn and grain sorghum.

After the farm operator has decided how many acres of his feed grain base he will take out of production, that acreage is subtracted from his total farm feed grain base to obtain the acreage of feed grains permitted under his agreement.

The permitted acreage is the largest total acreage of corn and grain sorghum that may be produced on a participating farm unless feed grains are substituted for wheat on farms taking part in both the feed grain program and the wheat program.

SUBSTITUTION OF WHEAT FOR FEED GRAINS OR FEED GRAINS FOR WHEAT

Producers who have signed up to participate in the wheat and feed grain programs and otherwise comply with each program may substitute feed grains for wheat, or wheat for feed grains, within the total acreage permitted under both programs.

The permitted acreage can then be planted to one crop or split between the two crops in any percentage the producer desires. Total production of each crop becomes eligible for price-support loan.

Producers who substitute feed grain for wheat within the total permitted acreage of wheat and feed grain have the acres otherwise eligible for diversion payment reduced acre for acre until reduced to zero.

On larger base farms diverting only the minimum (20%), wheat may be substituted for feed grain or feed grain for wheat within the total permitted acreage without any loss in payments, so long as the acreage planted to a feed grain is as much as 50 percent of the feed grain base and at least 40 percent of the wheat allotment is devoted to wheat.

SUBSTITUTION OF WHEAT FOR BARLEY AND OAT-RYE

In addition to substituting wheat for feed grains, a producer who has an oat-rye or barley base established for his farm may substitute wheat on his barley and oat-rye base acreage. Producers who elect to use the barley or oat-rye provision have to be participants in both the wheat and feed grain programs if there is a feed grain base established for the farm.

Corn and grain sorghum acreage cannot exceed the feed grain permitted acreage when wheat is substituted for barley or oat-rye.

SUPPORT PRICES

The total price support for 1968 for feed grains is in two parts -- the loan rate and the price-support payment rate.

The national average loan rate for corn produced in 1968 is \$1.05 per bushel; for grain sorghum it is \$1.61 per hundredweight.

The above loan rates are calculated for each county in the same manner as county loan rates have been determined in the past.

The price-support payment rate is 30 cents a bushel for corn and 53 cents a hundredweight (29.68 cents a bushel) for grain sorghum. The rates are the same in all counties.

The price-support payment to participants will be made on acreage planted for harvest up to the smaller of the permitted acreage or 50 percent of the base and will be made regardless of the use made of the grain. Producers can sell or feed the grain and still receive payment.

For purposes of the price-support payment, a participant who is signed up for the feed grain program and who plants at least 90 percent of his maximum acreage eligible for price-support payment will be considered as having planted his entire acreage eligible for payment.

DIVERSION RATES

On farms with total feed grain bases of 25 acres or less, a producer may divert for payment an acreage equal to at least 20 percent of the base or any greater acreage up to the entire base.

For these farms -- with feed grain bases of 25 acres or less -- the rate of payment for the first 20 percent of the base diverted will represent one-fifth the total price support rate for the county (loan rate plus price-support payment rate).

Diversion of acreage in excess of the minimum of 20 percent of the total base will be at 45 percent of the total price-support rate for the county. A downward adjustment will be made in the acreage for payment to compensate for the lower rate on the minimum acreage in lieu of applying both rates on the Intention to Participate and Payment Application form.

(For example: For a farm diverting the entire feed grain base of 20 acres, the payment will be computed on 17.8 acres which, except for rounding, is the equivalent of computing 4 acres at the 20 percent rate and 16 acres at the regular rate of 45 percent of the total price support rate for the county.)

For farms with a total feed grain base of more than 25 acres the first 20 percent of the base diverted from production is the acreage needed to qualify as a participant and there is no diversion payment for that acreage. Diversion of additional acres up to a total of the larger of 25 acres or one-half of the feed grain base is eligible for diversion payment.

USE OF DIVERTED ACRES

The acreage diverted from the production of feed grains under the program is to be devoted to approved conservation use. Erosion, weeds, rodents, and insects are also to be controlled on diverted acres. The ASC county committee will prescribe additional control measures when those used are found to be inadequate.

Grazing of diverted acres will be permitted during winter months. In approved disaster areas, grazing during summer months may be authorized by the ASC county committee. A reasonable charge will be made for this privilege.

FAILURE TO CARRY OUT INTENTIONS

Failure to fully carry out the intentions as included in the signup agreement can result in the loss of part or all of the payment otherwise earned.

Producing more acres of feed grains than the permitted acres, within the allowable variation, will result in a reduction from the payment otherwise earned amounting to one and one-half times the county loan rate applied to the yield per acre for the farm for the acres in excess of the permitted acres.

For example: On a farm with a 100-acre feed grain base (all corn) the operator signed up to divert 20 acres, leaving a permitted acreage of feed grains (corn) of 80 acres. The price-support loan rate for the county is \$1.05. The average yield is 70 bushels. The operator devoted 20 acres to conserving uses in addition to the farm conserving base, but grew 82 acres of corn -- two more than the permitted acres. The per-acre deduction in this case would $\$1.05 \times 1.5 \times 70 = \110.25 per acre. With two acres excess, the total deduction would be $2 \times \$110.25 = \220.50 .

MEASUREMENT SERVICE AVAILABLE

Farmers who are participating in the feed grain program may request measurement of acreage intended to be planted and intended for diversion. Such measurement will help assure full accomplishment intended at the time of signup. Cost of this service may be paid in cash or may be deducted from payments earned by participation in the program.

DIVISION OF PAYMENTS

ASC county committees have the responsibility to satisfy themselves that division of the diversion payment is fair. The diversion payment should be divided by agreement based upon each producer's contribution to the reduction. The price-support payment will be divided among producers as they share in the 1968 crop, unless a different division can be justified and is approved by the ASC State committee.

PRODUCERS WITH AN INTEREST IN MORE THAN ONE FARM

A producer with an interest in more than one farm may participate in the program on one farm and receive program benefits, provided the acreage devoted to feed grains does not exceed the farm feed grain base on any other farm in which he, his wife, or minor children have an interest. He cannot escape this requirement by leasing a farm to a tenant in any manner.

(This explanation is provided to help in the general understanding of the 1968 feed grain program. It does not replace official instructions and regulations applicable to individual farm situations.)

1968 VOLUNTARY WHEAT PROGRAM

The goal of the 1968 Wheat Program is to strengthen prices from year-earlier levels through policies designed to balance production with anticipated domestic use and export.

To achieve the desired production, a national wheat allotment of 59.3 million acres was established, a reduction from a 68.2 million acre allotment in 1967. The 1968 allotment should result in a crop of about 1.5 billion bushels, assuming average weather. This would be slightly less than the 1967 crop and would tailor supply with estimated domestic use of 735 million bushels during the 1968-69 marketing year.

A bumper 1967 world wheat crop changed the world wheat situation from one of concern about adequate supplies to one of plentiful supplies. Exporting countries have more wheat for export and many importing nations need less wheat. The plentiful world supply has put pressure on prices that only reduced supplies can improve. The 13 percent reduction in the 1968 national wheat allotment is aimed at helping reduce that supply.

Although allotments for 1968 are reduced from a year earlier, there have been few other changes in major operating provisions of the program. These are the major provisions:

VOLUNTARY

The program remains voluntary, as it was in 1967. Any farmer on a farm with a wheat allotment can participate in the program. Any farmer may grow wheat without taking part in the program.

PRICE SUPPORT

The national average price support loan rate for wheat produced in 1968 will remain at \$1.25 per bushel. The loan rate varies from county to county and by classes. In addition, appropriate premiums and discounts will apply. Price support loans will be available for farm-stored and warehouse-stored wheat produced by farmers signed up and participating in the program, except for wheat that is stored in compliance with the "excess wheat provisions".

DOMESTIC MARKETING CERTIFICATES

Domestic wheat marketing certificates will be issued on an estimated 530 million bushels and will continue to be valued at the difference between wheat parity and the \$1.25 per bushel national average loan rate. (For

1967, domestic certificates worth \$1.36 per bushel were issued on 520 million bushels of wheat.)

Marketing certificates will be issued only to farmers participating in the program and will reflect the projected yield on each farm times 40 percent of the farm acreage allotment. For example: A farm with a 100-acre wheat allotment and a projected yield of 27 bushels per acre would be eligible for domestic marketing certificates on 1,080 bushels if at least 40 percent of the wheat allotment is devoted to wheat. (40 acres times 27 bu. equals 1,080 bu.). (In 1967, when allotments were larger, domestic marketing certificates were issued on 35 percent of the crop.)

DIVISION OF CERTIFICATE PAYMENTS

Certificate payments will be divided among all producers on a farm as they share in the 1968 crop, unless a different distribution can be justified and is approved by the ASC State committee. Any violation of this provision can make a producer ineligible for all payments otherwise earned.

PROCESSORS PURCHASE CERTIFICATES

Processors purchase domestic marketing certificates to cover the number of bushels used in processing wheat for domestic food production. The price paid by the processor is the difference between the national average loan rate and \$2.00 a bushel. For 1968 that amount is 75 cents. If the income from the sale of certificates to processors is inadequate to cover the cost of wheat certificate payments to farmers, the difference is made up from CCC funds.

SIGNING UP

There is no provision for automatic participation. The signup period for all wheat producers will be held concurrently with the signup period for the feed grain and cotton programs. Only those producers who sign up and participate in the program will be eligible for domestic marketing certificates and price support loans.

THE FARM CONSERVING BASE

See page 2 under the explanation of the feed grain program. One of the conditions of eligibility for benefits of the wheat program is the maintenance of this base in conserving uses.

SUBSTITUTIONS OF WHEAT FOR FEED GRAINS OR FEED GRAINS FOR WHEAT

This provision, which is identical to that of 1967, is explained on page 4 in the feed grain section of this booklet. Also explained in that section is the wheat for barley and oat-rye provision, the measurement service provision and the provision dealing with producers who have an interest in more than one farm.

EXCESS WHEAT -- STORAGE REQUIREMENTS

A wheat producer may, in 1968, sign up to overproduce his farm wheat allotment, store the excess, and become eligible for a price support loan and certificates providing he meets other program requirements. Under this option, which is the same as in 1967, the wheat acreage in excess of the allotment that may be planted cannot be more than 50 percent of the allotment. A bond is required unless the excess is warehouse stored at the producer's expense and the producer's warehouse receipts are filed in escrow with the ASC county committee.

The stored production from the excess acres may be marketed in future years to the extent that the wheat acreage is reduced below the farm allotment or by producing a bushelage of wheat in a later year that is less than the projected production of the farm wheat allotment.

CROP FAILURE

Since certificates are based on the wheat allotment and projected yield for the farm, the appropriate number of certificates will be issued even if the planted wheat acreage, because of bad weather or other unavoidable hazard, produces only part of a crop or no crop at all.

PROGRAM BENEFITS

Farmers who sign up and qualify are eligible for price support loans on their entire wheat production, except any stored under the "excess wheat provision" and will receive domestic marketing certificates on 40 percent of the projected production of the farm allotment. Non-participants are ineligible for these benefits.

TO PARTICIPATE

To qualify for the program a farmer must:

1. Sign up with the ASCS county office during the signup period, February 5, through March 15, 1968.

2. Have an acreage of wheat no larger than the farm's allotment, or no larger than permitted acreage when either the substitution or excess farm acreage option is used.

3. Maintain the farm's conserving base.

4. Keep within all other farm allotments established for the participating farm.

5. Keep within the wheat allotment or permitted acreage on any other farm in which the producer has an interest.

6. If a producer elects to use the substitution provision, he must also sign up and participate in the feed grain program if the farm has a feed grain base or produce no corn or grain sorghum if he has no feed grain base.

(This explanation is provided to help in the general understanding of the 1968 wheat program. It does not replace official instructions and regulations applicable to individual farm situations.)

